

Rubin & Hays

ATTORNEYS AT LAW

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
Telephone (502) 569-7525 Telefax (502) 569-7555 Email: rh@rubinhays.com

CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

PARALEGAL
MARY M. EMBRY

February 23, 2005

RECEIVED

FEB 25 2005

PUBLIC SERVICE
COMMISSION

Ms. Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

Case 2005-00087

Re: Barkley Lake Water District - KRS 278.023 Application

Dear Ms. O'Donnell:

Enclosed please find the original and ten (10) copies of the Application of the Barkley Lake Water District for a Certificate of Public Convenience and Necessity to construct, finance and increase rates pursuant to KRS 278.023.

Also enclosed are eleven (11) copies of the exhibits required pursuant to 807 KAR 5.069, with the exception of the Preliminary and Final Engineering Reports, of which two copies are enclosed.

If you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By


W. Randall Jones

WRJ:ilm
Enclosures
cc: Distribution List

DISTRIBUTION LIST

Account # 0101.0000

Re: Barkley Lake Water District Water System Revenue Bonds, Series 2005, in the principal amount of \$1,185,000

Mr. Kenneth Slone
State Director
Rural Development
771 Corporate Drive, Suite 200
Lexington, Kentucky 40503-5477

Phone: (859) 224-7336
Fax: (859) 224-7340

Mr. Jerry Cloyd
Rural Development
320 B Traylor Avenue
Princeton, Kentucky 42445

Phone: (270) 365-6530
Fax: (270) 365-7842

Ms. Penny Wright
Office Manager
Barkley Lake Water District
P.O. Box 308
Cadiz, Kentucky 42211

Phone: (270) 522-8425
Fax: (270) 522-8448

Mr. Ricky Oakley
GRW Elrod-Dunson, Inc.
404 BNA Drive, Suite 201
Nashville, Tennessee 37217

Telephone: (615) 366-1600
Fax: (615) 366-0406

H.B. Quinn, Esq.
Woodall & Quinn, PLLC
14 Court Place
P.O. Box 1549
Cadiz, Kentucky 42211-1549

Phone: (270) 522-3481
Fax: (270) 522-3483

W. Randall Jones, Esq.
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202

Phone: (502) 569-7525
Fax: (502) 569-7550

RECEIVED
FEB 25 2005
PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**THE APPLICATION OF BARKLEY)
LAKE WATER DISTRICT)
FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO) CASE NO. 2005-00087
CONSTRUCT, FINANCE AND INCREASE)
RATES PURSUANT TO KRS 278.023.)**

A P P L I C A T I O N

This Application of the Barkley Lake Water District ("Applicant") respectfully shows:

1. That Applicant is a water district of Trigg County, Kentucky, created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes.

2. That the post office address of Applicant is:

Barkley Lake Water District
c/o Ms. Penny Wright, Manager
P.O. Box 308
Cadiz, Kentucky 42211

3. That Applicant, pursuant to the provisions of KRS 278.020 and 278.023, seeks (i) a Certificate of Public Convenience and Necessity, permitting Applicant to construct a waterworks construction project, consisting of extensions, additions, and improvements (the "Project") to the existing waterworks system of Applicant; (ii) an Order approving increased rates; and (iii) approval of the proposed plan of financing said Project.

4. That the project consists of the installation of approximately 25 miles of 3, 4, 6, 8 and 12 inch water line and appurtenances, a booster pumping station upgrade a new booster pump station and a 300,000 gallon water storage tank.

5. That Applicant proposes to finance the construction of the Project through (i) the issuance of \$1,185,000 of its Waterworks Revenue Bonds, (ii) a Rural Development ("RD") Grant in the amount of \$790,000; (iii) water connection fees in the amount of \$24,000; and (iv) an Applicant contribution in the amount of \$56,300. Applicant has a commitment from RD to purchase said \$1,185,000 of bonds maturing over a 40-year period, at an interest rate of not exceeding 4.375% per annum, as set out in the RD Letter of Conditions filed herewith as an Exhibit.

6. That Applicant does not contemplate having the Project constructed with any deviation from minimum construction standards of this Public Service Commission.

7. That Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069 in support of this Application:

- A. Copy of RD Letter of Conditions, as amended.
- B. Copy of RD Letter of Concurrence in Bid Award.
- C. Copy of Preliminary and Final Engineering Reports.
- D. Certified statement from the Chairman of Applicant, based upon statements of the Engineers for Applicant, concerning the following:
 - (1) The proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4 (3) and (4); Section 5 (1); Sections 6 and 7; Section 8 (1) through (3); Section 9 (1) and Section 10;
 - (2) All other state approvals or permits have already been obtained;
 - (3) The proposed rates of Applicant shall produce the total revenue requirements set out in the engineering reports; and
 - (4) Setting out the dates when it is anticipated that construction will begin and end.

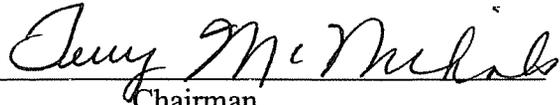
8. That Applicant has arranged for the publication, prior to or at the same time this Application is filed, of a Notice of Proposed Rate Increase pursuant to Section 2 of 807 KAR 5:069, in the Cadiz Record, which is the newspaper of general circulation in Applicant's service area and in Trigg County, Kentucky. Said Notice sets out the current rates and the proposed rates of Applicant and a short description of the Project. A copy of said Notice is filed herewith as an Exhibit.

9. That the foregoing constitutes the documents necessary to obtain the approval of the Kentucky Public Service Commission in accordance with Section 278.023 of the Kentucky Revised Statutes and in accordance with the "Minimum Filing Requirements" specified in 807 KAR 5:069, Section 1.

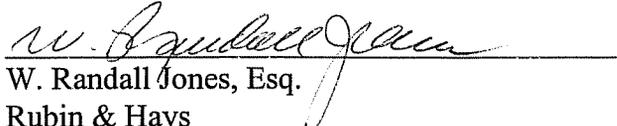
WHEREFORE, Applicant, the Barkley Lake Water District asks that the Public Service Commission of the Commonwealth of Kentucky grant to Applicant the following:

- a. A Certificate of Public Convenience and Necessity permitting Applicant to construct a waterworks project consisting of extensions, additions, and improvements to the existing waterworks system of Applicant.
- b. An Order approving the financing arrangements made by Applicant, viz., the issuance of (i) \$1,185,000 of Barkley Lake Water District Water System Revenue Bonds at an interest rate of not exceeding 4.375% per annum, (ii) an RD Grant in the amount of \$790,000; (iii) water connection fees in the amount of \$24,000; and (iv) an Applicant contribution in the amount of \$56,300.
- c. An Order approving the proposed increased rates as set out in Section 25 of the RD Letter of Conditions, as amended, filed herewith as an Exhibit.

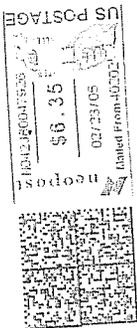
Barkley Lake Water District

By: 
Chairman

Board of Water Commissioners


W. Randall Jones, Esq.

Rubin & Hays
Counsel for Applicant
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525



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Kentucky Home Trust Bldg., 450 South Third St., Louisville, KY 40202

To
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